

EXHIBIT 1

INTRODUCTION

Respondent Delores Zurita was a successful candidate for the Compton City Council, District 1, in the April 20, 1999 election. Respondent Committee to Elect Delores Zurita (hereinafter, the “Committee”) is the controlled committee of Respondent Delores Zurita. Respondent Sartra Dee Zurita is the treasurer of Respondent Committee.

As a candidate in the April 20, 1999 election, Respondent and her Committee incurred reporting obligations under the Political Reform Act (the “Act”).¹ Respondents failed to timely file two pre-election statements, failed to file one late contribution report, failed to timely file two semi-annual campaign statements, failed to disclose contributions on campaign statements, failed to disclose contributor information, and made expenditures in cash, all in violation of the campaign reporting provisions of the Act.

For the purposes of this Stipulation, Respondents’ violations of the Political Reform Act are stated as follows:

- COUNT 1: Respondents failed to timely file a first pre-election campaign statement for the reporting period of January 1, 1999 through March 6, 1999, due on March 11, 1999, in violation of section 84200.5, subdivision (c) of the Government Code.
- COUNT 2: Respondents failed to timely file a second pre-election campaign statement for the reporting period of March 7, 1999 through April 3, 1999, due on April 8, 1999, in violation of section 84200.5, subdivision (c) of the Government Code.
- COUNT 3: Respondents failed to file a late contribution report disclosing the receipt of a contribution of \$1,200 on April 16, 1999, due by April 17, 1999, in violation of section 84203 of the Government Code.
- COUNT 4: Respondents failed to file a semi-annual campaign statement for the reporting period of July 1, 1998 through December 31, 1998, due in January 31, 1999, in violation of section 84200, subdivision (a) of the Government Code.
- COUNT 5: Respondents failed to timely file a semi-annual campaign statement for the reporting period of April 4, 1999 through June 30, 1999, due on July 31, 1999,

¹ The Political Reform Act is contained in sections 81000 through 91014 of the Government Code. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission, enacted pursuant to the provisions of the Act, are contained in sections 18000, *et seq.*, of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

in violation of section 84200, subdivision (a) of the Government Code.

COUNT 6: Respondents failed to disclose and itemize all contributions of \$100 or more on their semi-annual campaign statement for the period ending June 30, 1999, in violation of section 84211, subdivision (f) of the Government Code.

COUNT 7: Respondents failed to disclose contributor address, occupation or employer information on their campaign statement for the period ending April 3, 1999, in violation of section 84211, subdivision (f)(2) – (4) of the Government Code.

COUNT 8: Respondents failed to disclose contributor address, occupation or employer information on their campaign statement for the period ending June 30, 1999, in violation of section 84211, subdivision (f)(2) – (4) of the Government Code.

COUNT 9: Respondents made expenditures in cash for the period ending April 3, 1999, in violation of section 84300, subdivision (b) of the Government Code.

COUNT 10: Respondents made expenditures in cash for the period ending June 30, 1999, in violation of section 84300, subdivision (b) of the Government Code.

RESPONDENTS: Delores Zuirta, Committee to Elect Delores Zurita, and Sarta Dee Zurita

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in Section 81002, subdivision (a), is to assure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters will be better informed, and so that improper practices will be inhibited. The Act therefore establishes a campaign reporting system designed to accomplish this purpose of disclosure.

Pre-election Campaign Statements

Section 84200.5 requires candidates and their controlled committees to file two pre-election campaign statements, disclosing contributions received and expenditures made before the election in which the candidate seeks office. Section 84200.8 sets forth the pre-election filing schedule for elections held in odd-numbered years. Pursuant to Section 84200.8, the first pre-election campaign statement must be filed no later than 40 days before the election, covering the period ending 45 days before the election. The second pre-election campaign statement must be filed no later than 12 days before the election, for the period ending 17 days before the election.

Late Contribution Reports

Under Section 84203, subdivision (a), when a candidate or his or her controlled committee receives a late contribution, the candidate and the committee must file a late contribution report within 24 hours of receiving the contribution. Section 82036 defines a “late contribution” as a contribution

aggregating \$1,000 or more that is received before an election, but after the closing date of the last pre-election statement. Under Section 84200.8, subdivision (b), the late contribution period covers the last 16 days before the election.

Semi-Annual Campaign Statements

Section 84200, subdivision (a), requires candidates and their controlled committees to file two semi-annual campaign statements each year. For the period January 1 through June 30, the filing deadline is no later than July 31. For the period July 1 to December 31, the filing deadline is no later than January 31 of the subsequent year. Under Section 84214, as interpreted by Regulation 18404, candidates and their controlled committees may end their filing obligations by filing a statement of termination.

Contents of Campaign Statement

Pursuant to Section 84211, subdivision (f), when the cumulative amount of contributions received by a committee from any person,² during a reporting period, equals or exceeds one hundred dollars (\$100), the committee must report in its campaign statement for the reporting period certain specified information. The committee is required to report: (1) the person's name, (2) the person's street address, (3) the person's occupation, (4) the person's employer, or if self-employed, the name of the person's business, (5) the date and amount of each contribution, and (6) the cumulative amount of the contributions that the committee received from the person during the reporting period. (Section 84211, subd. (f)(1) – (4).)

Pursuant to Section 84211, subdivision (j), when the cumulative amount of expenditures made by a committee to any person, during a reporting period equals or exceeds one hundred dollars (\$100), the committee must report in its campaign statement for the reporting period certain specified information. The committee is required to report: (1) the name of the person to whom the expenditure was made, (2) the person's street address, (3) the amount of each expenditure, and (4) a brief description of the consideration received for each expenditure.

Cash Expenditures

Section 84300, subdivision (b) states that, “no expenditure of one hundred dollars or more shall be made in cash.” An expenditure means a payment or a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, unless it is clear from the surrounding circumstances that it is not made for political purposes. (Section 82025.)

Treasurer Liability

² Section 84207 provides that the term “person” includes “an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.”

Section 81004, subdivision (b), Section 84100, and Regulation 18427, subdivision (c), require a committee's treasurer to ensure that the committee complies with of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5, 91006.)

SUMMARY OF THE FACTS

Respondent Delores Zurita was a successful candidate for the Compton City Council, District 1, in the April 20, 1999 election. Committee to Elect Delores Zurita (hereinafter, the "Committee") is the controlled committee of Respondent Delores Zurita. Respondent Sartra Dee Zurita is the treasurer of Respondent Committee. From January 1, 1999 through June 30, 1999, Respondents reported receiving contributions of \$15,200³ and making expenditures of \$29,550.

Counts 1 - 2: Failure to file two pre-election campaign statements, in violation of Section 84200.5.

Respondents were required to file a first pre-election campaign statement by March 11, 1999, for the reporting period of January 1, 1999 through March 6, 1999. Respondents filed the first pre-election statement on April 12, 1999, which was thirty-two days late and only eight days prior to the election.

Respondents were required to file a second pre-election campaign statement by April 8, 1999 for the reporting period of March 7, 1999 through April 3, 1999. Respondents filed the second pre-election statement on August 10, 1999, which was months after the election.

Respondents' failure to timely file two pre-election campaign statements constitutes two violations of Section 84200.5.

Count 3: Failure to file a late contribution report, in violation of Section 84203.

On April 16, 1999, four days before the April 20, 1999 election, Respondents received a contribution of \$1,200 from Crystal Park Hotel and Casino. Within 24 hours of receiving the contribution Respondents were required to report the late contribution, but did not do so.

Counts 4 - 5: Failure to file a late contribution report constitutes a violation of Section 84203. **Counts 4 - 5: Failure to file and timely file semi-annual campaign statements, in violation of Section 84200, subdivision (a).**

Respondents were required to file a semi-annual campaign statement by January 31, 1999,

³ On their statement for the period beginning January 1, 1999, Respondents reported a beginning cash balance of \$16,972.66.

disclosing contributions received and expenditures made for the reporting period of July 1, 1998 through December 31, 1998. Respondents did not file a campaign statement for the period ending June 30, 1998.

After the April 20, 1999 election, Respondents were required to file a semi-annual campaign statement by July 31, 1999, disclosing contributions received and expenditures made by the Committee during the reporting period of April 4, 1999 through June 30, 1999. Respondents filed the semi-annual statement on September 14, 1999, which was forty-five days late.

Respondents' failure to file and timely file a semi-annual campaign statement constitutes two violations of Section 84200, subdivision (a).

Count 6: Failure to disclose and itemize monetary contributions of \$100 or more in violation of Section 84211, subdivision (f).

During the reporting period ending June 30, 1999, Respondents failed to disclose and itemize the following contributions totaling \$2,800:

Date Contribution Deposited	Contributor's Name	Amount of Contribution
May 27, 1999	Carolyn Patterson	\$200
April 9, 1999	Legrand H. Clegg II	\$100
May 27, 1999	CALSAN, Inc.	\$2,500
TOTAL		\$2,800

Respondents' failure to itemize monetary contributions constitutes one violation of Section 84211, subdivision (f).

Count 7: Failure to disclose contributor information, in violation of section 84211, subdivision (f)(2) - (4).

Respondents failed to provide required information about their contributors on the pre-election statement that they filed for the period ending April 3, 1999. Respondents did not provide the street address of any persons who made contributions of \$100 or more. Further, Respondents did not disclose occupation and employer information for any persons who made contributions of \$100 or more. Respondents also did not disclose the street address of eleven of the fifteen persons to whom expenditures of \$100 or more had been made.

Respondents' failure to disclose contributor information constitutes one violation of Section 84211, subdivision (f)(2) - (4).

Count 8: Failure to disclose contributor information, in violation of section 84211, subdivision (f)(2) - (4).

Respondents failed to provide required information about their contributors on the semi-annual campaign statement for the period ending June 30, 1999. Respondents did not provide the street address for any persons who made contributions of \$100 or more. Further, Respondents did not disclose occupation and employer information for any persons who made contributions of \$100 or more. Respondents also did not disclose the street address of any persons to whom expenditures of \$100 or more had been made.

Respondents' failure to disclose contributor information constitutes one violation of Section 84211, subdivision (f)(2) – (4).

Counts 9-10: Made cash expenditures in violation of Section 84300, subdivision (b).

On March 5, 1999, Respondents withdrew \$2,000 in cash from the Committee's bank account. On May 17, 1999, Respondents withdrew \$3,400 in cash from the Committee's bank account. Respondents used the cash to pay for expenses related to two fundraising events. Respondents explained that the caterer and the band for the fundraising events requested cash payments, and that Respondents were not aware that they could not use cash to pay for campaign expenditures.

By making cash expenditures in excess of one hundred dollars (\$100), Respondent committed two violations of Section 84300, subdivision (b).

CONCLUSION

Prior to working on the candidate Respondent Delores Zurita's (her mother's) campaign, Respondent Satra Dee Zurita had previously never preformed the duties of treasurer for a campaign, and as such, she was unfamiliar with the requirements of the Political Reform Act. Respondent Satra Dee Zurita became treasurer as a favor to her mother.

This matter consists of ten counts, which carry a maximum possible administrative penalty of twenty thousand dollars (\$20,000). The facts of this case, including the inexperience of its treasurer, and the relatively small amount of money involved in Respondents' campaign, justify imposition of the agreed upon penalty of ten thousand dollars (\$10,000).